

City of Austin-LCRA Water Partnership 2009 Annual Report

I. Purpose of Annual Report

The City of Austin-Lower Colorado River Authority (LCRA) Water Partnership (Water Partnership) is charged with providing a written Annual Report on the status and direction of water supply discussions as considered by the Water Partnership during the previous year. The Annual Report will eventually document the future decisions related to increases in water supplies as the need develops. However, the Water Partnership's has primarily focused on water issues other than supply acquisition in 2009. Therefore, this Annual Report focuses on and summarizes these efforts.

II. Background on Partnership

A. History

The Water Partnership was created through the June 2007 City of Austin and LCRA Settlement Agreement. The November 2007 Supplemental Water Supply Agreement provides additional details on roles, responsibilities and expectations related to the Water Partnership, including the establishment of a stakeholder group.

The Water Partnership was formed to provide a cooperative management structure through which Austin and LCRA staff can work to collaborate and more effectively manage both entities' water supplies and resources. The Water Partnership in effect formalizes the on-going meetings between the staffs of the two entities to assure regular communication on matters of mutual concern. Austin and LCRA have recognized the complex and diverse nature of water supply planning and management of water resources in the Lower Colorado River Basin. Through the Partnership, both entities seek to cooperate, improve communication, and avoid future conflicts.

The Partnership and its various committees continue to meet on a regular basis and will continue to work cooperatively on water supply, conservation, quality, and permitting issues. As needed, the Water Partnership will present recommendations to the Austin City Council and LCRA Board for approval.

B. Cooperative management structure

Under the leadership of the Austin City Council and the LCRA Board of Directors, as directed by the City Manager and LCRA General Manager, the Water Partnership is composed of a series of committees headed by the Executive Management Committee (EMC). For reference, a depiction of the general organizational structure of the Water Partnership is shown in **Attachment A**.

Committees: General Purpose

The following are brief descriptions of current committees. Committee members are listed in **Appendix 1**.

Executive Management Committee

The Executive Management Committee (EMC) is composed of two members from the City of Austin, designated by the City Manager, and two members from LCRA, designated by the General Manager.

The Executive Management Committee is responsible for carrying out the purpose and scope of the Water Partnership. This committee oversees the work of the sub-committees, including among other things, evaluation of and implementation of any approved joint water supply strategies.

Technical Committee

The Technical Committee is a standing committee made up of City of Austin and LCRA staff members appointed by the EMC. The committee is charged with developing projections of water demands, coordination on water use reporting, identification and evaluation of water supply alternatives, developing technical analyses and implementation plans for water supply strategies identified for further study, and other technical projects or issues as assigned by the EMC.

Water Conservation Committee

The Water Conservation Committee is a special committee made up of City of Austin and LCRA staff members appointed by the EMC. Consistent with the Settlement Agreement, the Water Conservation Committee developed the Water Conservation Plan which was approved by the EMC. The Water Conservation Committee is also charged with implementing the associated plans and scope of work, as approved by the EMC.

Water Quality Committee

The Water Quality Committee is a special committee made up of City of Austin and LCRA staff members appointed by the EMC. The committee is responsible for developing a proposed plan and scope of work for review and approval of the EMC, in order to implement Section 3.13.1.2 of the November 2007 Supplement Water Supply Agreement. This section pertains to water quality monitoring and evaluation. The Water Quality Committee is also charged with implementing the associated plans and scope of work, as approved by the EMC.

Stakeholder Committee

This stakeholder group is comprised of a balanced and diverse group of organizations and individuals interested in the Parties' water supply discussions. The Stakeholder Committee is charged with providing feedback and input to the EMC, when water supply issues arise.



The Stakeholder Committee members, appointed by the Austin City Council and the LCRA Board of Directors, represent a wide-variety of interests including environmental, rate payers, business, agriculture, conservation, industrial, and high growth.

III. Summary of Year 2009 Activities

A. Highlights of Municipal Water Supply Discussions

There were no formal discussions directed towards securing additional municipal supplies for the City of Austin in the previous year. The current municipal supply contract with LCRA, which was negotiated in 1999, will meet the City's demands up to 325,000 acre-feet per year. To compare, the City's annual diversions for municipal purposes have recently averaged approximately 165,000 acre-feet/year. According to the Supplemental Water Supply Agreement of 2007 ("SWSA"), the Water Partnership must begin a long term planning process for additional supplies soon after Austin's municipal demand exceeds 225,000 acre feet per year but may decide to initiate those discussions at an earlier date. Supply planning for Austin's non-municipal water needs may also occur at any time.

B. Highlights of Activities and Discussions

1. Unprecedented Drought Conditions. The two parties worked closely together in response to the unprecedented drought conditions. Discussions focused on the ongoing drought and potential need for curtailment by both interruptible as well as firm customers. Both parties addressed their respective drought management policies and implementation protocols. Discussions included the differences between LCRA's state-approved 1999 Water Management Plan (WMP) and the draft 2003 WMP, which was approved by the Texas Commission on Environmental Quality (TCEQ) on January 27, 2010. LCRA staff submitted recommendations to their Board that led to a November 18, 2009 Resolution Regarding Drought Management Actions in Response to Current Drought Conditions.

Combined storage of lakes Travis and Buchanan reached the milestone storage volume trigger of 900,000 acre-feet on August 12, 2009 under LCRA's Water Management Plan. In response to the Water Management Plan trigger, LCRA asked all of its firm water supply customers to implement drought contingency measures to save water. As a result, Austin implemented Stage 2 Mandatory Water Restrictions on August 27, 2009. Fortunately, rain events in late October through November helped to ease drought conditions. In response, the City was able to lift its Stage 2 Mandatory Water Restrictions and implemented a return to Stage 1 Restrictions on November 21, 2009. The partnership will continue to monitor conditions and discuss the potential for regional drought response measures should the drought continue.

2. Stakeholder Committee. The Austin City Council and LCRA Board appointed members of the Stakeholder Group in the first half of 2008. The group's first meeting



was held at the LCRA Redbud Center on August 14, 2008 for the purpose of orientation and organization. The Stakeholder Committee also met on June 11, 2009 to receive briefings on various issues of interest and on October 6, 2009 was hosted by committee member Ronald Gertson for a tour of his rice farm in Colorado County. In September 2009 the LCRA Board of Directors and in November 2009 the Austin City Council both approved the nominations of two new members to the COA/LCRA Water Partnership Stakeholder Committee. Andrew Sansom, Executive Director of Texas State University's River Systems Institute was appointed to fill the Environmental Position and Mary Ann Hefner, Kingsland MUD President was appointed to fill the At-Large Position. Both members have agreed to serve for a two year term.

3. Water Conservation LCRA and Austin continued to work together to encourage water users throughout central Texas to implement water conservation and also respond to drought conditions (see III. B. 1. above).

4. Water Use Reporting. LCRA and the City of Austin coordinated on water use reporting for the 2008 submittals to TCEQ in March 2009 and will again coordinate for the 2009 report due on March 1, 2010.

5. Lady Bird Lake Level Maintenance.

Section VII.D of the Settlement Agreement directs the Water Partnership to develop a proposal to address the maintenance of lake levels for Lady Bird Lake (LBL). The Water Partnership has given direction to the Technical Committee and a small workgroup of the Technical Committee is in the process of finalizing its approach, which should be in place in early 2010.

6. Waller Creek Tunnel Project. The City of Austin is in the design stages of a project to address flooding along Waller Creek downstream of Waterloo Park in Central Austin. The core feature of this project will be a tunnel to divert and convey flood water to Lady Bird Lake from a new drop inlet structure in Waterloo Park and two minor inlets along the creek below the park. The EMC and Technical Committee are being kept apprised of the project's progress and any water supply issues that may need to be addressed. A water supply contract for the project, between LCRA and the City of Austin, is now in place. The contract provides the City with firm water from the LCRA System for tunnel inundation and recirculation, creek surface losses and park irrigation. Efforts to obtain TCEQ required water rights permitting for the project are on-going. The project is anticipated to be complete and on line by approximately 2015.

7. Stoneledge Quarry. The City of Austin's Watershed Protection and Development Review Department is considering the use of an inactive quarry adjacent to Little Bear Creek, a tributary of Onion Creek, as a means of recharge enhancement to the Barton Springs segment of the Edwards Aquifer. The intent of the additional recharge is to augment flow at Barton Springs. According to the project design, flash flood events on Little Bear Creek would be partially diverted into the quarry and allowed to recharge the



underlying aquifer. The City of Austin, LCRA, and Barton Springs Edwards Aquifer Conservation District are in the process of drafting an interlocal agreement, for consideration by all parties' governing bodies, to address the water supply aspects of the project. Other technical issues are being discussed by the Technical Committee including drought response measures and an observation period during the pilot project for the quantification of flows arriving at Barton Springs which were diverted into the quarry.

8. Region K. Region K is currently in the process of completing their Initially Prepared Plan (IPP) for the 2011 planning cycle. The IPP is to be submitted to the Texas Water Development Board by March, 2010. City of Austin and LCRA and their respective consultants continue to actively work with the Region K Planning Group and the Region K consultant in this effort.

9. LCRA Draft Permit 5731 (Unappropriated Flow Permit) and Draft Amendment 14-5443E (Garwood Amendment). The Technical Committee continues to receive updates from LCRA staff on the progress being made with these matters.

10. Annual briefing to Water and Wastewater Commission - January 13, 2010

IV. Brief summary of planned year 2010 activities

Upcoming events,

- Annual briefing to Austin City Council (early 2010)

Updates to the LCRA Board of Directors to be provided, as needed.

Planned Year 2010 Activities

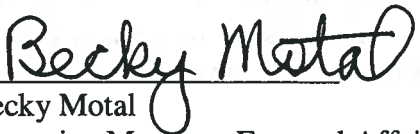
- Finalize approach on maintenance of lake levels in Lady Bird Lake
- Develop City of Austin water demand projections, no later than end of 2010 as required by the 2007 Supplemental Water Supply Agreement
- Develop water quality monitoring and evaluation report, no later than end of 2010 as required by the 2007 Supplemental Water Supply Agreement
- Continue work on the Stoneledge Quarry pilot project
- Continue coordination on water use reporting
- Continue water supply planning and evaluation
- Continue coordination on water conservation strategies and drought response
- Conduct annual briefings
- Continue coordination regarding LCRA pending water rights permits at TCEQ
- Continue drought monitoring
- Participate in LCRA's Water Management Plan update process (Summer 2010)
- Continue Work on Joint Reuse Application


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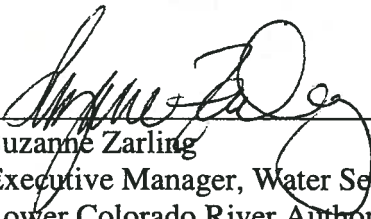
Appendix:


1. Listing of committee members
2. "Exhibit A" from June 18, 2007 Settlement Agreement: COA and LCRA Water Resources Management Partnership

Approved By:


Becky Motal
Executive Manager, External Affairs
Lower Colorado River Authority

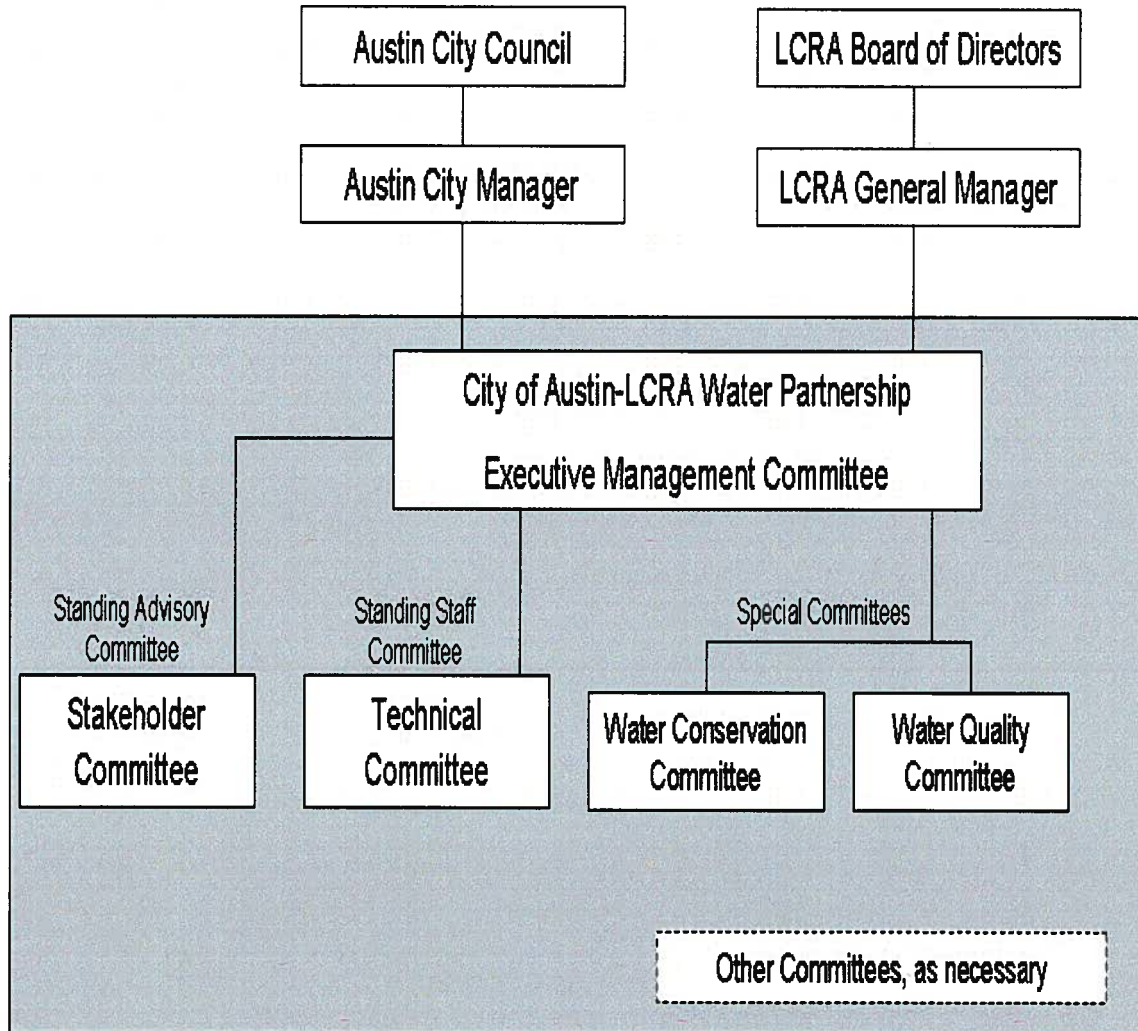

Rudy Garza
Assistant City Manager
City of Austin


Suzanne Zarling
Executive Manager, Water Services
Lower Colorado River Authority


Greg Meszaros
Director, Austin Water Utility
City of Austin



City of Austin-LCRA Water Partnership Organization



Attachment A

Appendix

Appendix 1.

Committee Members

Executive Management Committee (as of November 2009)

City of Austin

Rudy Garza, Assistant City Manger

Greg Meszaros, Director, Austin Water Utility

LCRA

Suzanne Zarling, Executive Manager, Water Services

Becky Motal, Executive Manager, External Affairs

Technical Committee (as of November 2009)

City of Austin

Daryl Slusher, Assistant Director, Austin Water Utility

Teresa Lutes, Managing Engineer, Austin Water Utility

Ross Crow, Assistant City Attorney, Law Department

LCRA

James Kowis, Manager, Water Supply Planning

Steve Kellicker, Manager, Corporate Finance

Lyn Clancy, Managing Associate General Counsel, Legal Services

Water Conservation Committee (as of November 2009)

City of Austin

Daryl Slusher, Austin Water Utility

Drema Gross, Austin Water Utility

LCRA

Nora Mullarkey, Manager, Water Conservation

Water Quality Committee (as of November 2009)

City of Austin

Daryl Slusher, Austin Water Utility

Nancy McClintock, Watershed Protection and Development Review

LCRA

Lisa Hatzenbuehler, Manager, Water Resource Protection

Stakeholder Committee (as of November 2009)

Interest Category	Member
Agricultural	Ronald Gerston
At large	Mary Ann Hefner
Business	Barbara Johnson
Business	Hank Smith
Conservation	Mike Personett
Environmental	Jennifer Walker
Environmental	Andrew Sansom
High Growth	Jon Beall
High Growth	Pete Dwyer
High Growth	Valarie Bristol
Industrial	Sandra Dannhardt
Industrial	Dan Wilcox
Rate Payers	Debbie Gernes
Rate Payers	Marion Sanchez
Recreation	Richard Eason

Appendix 2.

EXHIBIT A - COA and LCRA Water Resource Management Partnership

From the:

**SETTLEMENT AGREEMENT BY AND BETWEEN THE CITY OF AUSTIN
AND THE LOWER COLORADO RIVER AUTHORITY REGARDING JOINT
WATER RESOURCE MANAGEMENT AND THE RESOLUTION OF CERTAIN
REGULATORY MATTERS PENDING AT THE TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY**

EFFECTIVE DATE: JUNE 18, 2007

- 1. Background:** Water is the lifeblood of Central Texas communities. Austin and LCRA have individually employed traditional water management strategies, focusing on solutions that have often unintentionally led to conflict. These conflicts, if left unresolved, may limit the ability of the Parties to meet their responsibilities as major water suppliers. As population growth and economic factors in the region increase the demand for water, the Parties recognize a different approach is needed. Collaborative water management strategies can offer new opportunities to optimize water supply solutions for the region.
- 2. Vision:** Reliable and affordable water, managed in an environmentally responsible and collaborative manner, is critical to the vitality and economy of the region.
- 3. Purpose:** LCRA and Austin, as the two largest water right holders in the lower Colorado River basin, have agreed to develop a cooperative management structure. Through this new approach, the Parties will jointly evaluate and implement strategies to optimize water supplies to meet water needs of their customers and the environment.
- 4. Scope:** The scope of the partnership agreement will include joint water supply planning, as well as the ability to manage both entities' individual raw water supplies as an integrated system. All existing raw surface water supplies, including Return Flows, of each party will be included in this agreement. Future water supplies will be included as approved by the Executive Management Committee.

Day-to-day management and coordination of the river system including flood management, water quality protection and other functions will remain LCRA's



responsibility. Day-to-day water/wastewater utility planning and operations will remain the responsibility of each party.

5. **Cooperative Management Structure:** The Parties shall establish an Executive Management Committee and Technical Water Resources Planning Subcommittee, with the following structure and responsibilities:

A. Executive Management Committee

- i. Composition: The Executive Management Committee (EMC) will be composed of two representatives each of Austin and LCRA, to be designated by the chief executive officer of each organization.
- ii. Duties and Responsibilities: The EMC will be responsible for carrying out the Purpose and Scope as follows:
 1. establishing and implementing strategic goals and policies,
 2. approval of joint water supply strategies and implementation plans,
 3. continued supervision and oversight of approved joint water supply strategies and implementation plans,
 4. obtaining any necessary approvals from and ensuring compliance with requirements of each party's governing body,
 5. coordination of communication with internal and external stakeholders,
 6. ensuring adherence to the decision-making guidelines set forth below,
 7. creation and general supervision of any subcommittees necessary to carry out the Purpose and Scope, and
 8. developing standard operating procedures and bylaws for the EMC and any subcommittees.

B. Technical Water Resource Planning Subcommittee. A Technical Water Resource Planning Subcommittee (Technical Subcommittee) shall be established as follows:

- i. Composition: The Technical Subcommittee will be an interdisciplinary committee comprised of members appointed by the EMC.
- ii. Duties and Responsibilities. The Technical Subcommittee will be responsible for:

1. Projections of water demands and identification of a wide array of supply alternatives, including Return Flows, and preliminary recommendation of alternatives for consideration by the EMC for further study.
2. In consultation with the EMC, develop any necessary technical analyses and implementation plans for strategies identified for further study.

C. Decision-making Guidelines

- i. Consensus decisions of the EMC shall be made using interest-based problem solving, mindful of the standards and mutual interests of the Parties as set forth below.
- ii. The standards against which water supply strategies shall be evaluated include:
 1. Improve relationships between Austin and LCRA
 2. Cost effective and provides value to both Parties
 3. Obtain stakeholder input in an effort to fairly address multiple needs of the region
- iii. The mutual interests of the Parties to be addressed by any water supply strategy selected by the EMC include:
 1. maintaining ownership and protecting the value of each party's individual water rights,
 2. preserving water quality and environmental health of the river and bay system,
 3. improving the Parties' relationship and building trust through enhanced information sharing, cooperation, and partnering,
 4. improving water supply certainty, including enhancing reliability and water availability, and
 5. responsible water resource management, mindful of the Parties commitment to a strong water conservation ethic.
- iv. The Parties may, by consensus, modify the standards and mutual interests to be used in making decisions under this agreement.
- v. If the EMC cannot reach a consensus decisions on whether to pursue particular water supply strategies recommended by the Technical Subcommittee, then the EMC shall request a decision from the chief executive officers of each organization.

6. Operating Guidelines:

- A. The Parties agree to designate their representatives to the Water Partnership Executive Management Committee (EMC) within 90 days of the final approval of the Supplemental Water Supply Agreement called for in Paragraph 1V.B of the Settlement Agreement. The Parties also agree to convene an initial meeting of the EMC within 120 days of execution of the Supplemental Water Supply Agreement.
- B. The initial tasks of the EMC include, but are not limited to:
- i. Develop operating procedures and by-laws, to include but not be limited to:
 1. Set meeting schedule to initially include a minimum of one EMC meeting per quarter
 2. Set meeting logistics including chair, chair rotation schedule, meeting location, and record keeping, including meeting minutes, workplans, etc.
 3. Set schedule and process to develop scopes and workplans for tasks to be accomplished by the COA and LCRA Water Resource Management Partnership
 4. Set reporting schedule to include a minimum reporting schedule of at least one report to each the Austin City Council and the LCRA Board every two years
 5. Set regular quarterly meeting format to include, as appropriate, but not be limited to:
 - a. Report by each party on all activities that might affect either party's water rights or water supply, which may include any significant developments in the following:
 - i. status of
 - all water rights applications
 - a water supply development projects (current or proposed Water Management Plan status)
 - any proposed water treatment, wastewater treatment or other related facilities
 - any direct reuse projects
 - water conservation efforts
 - ii. status of joint efforts and suggestions for additional joint effort opportunities
 - iii. updates on studies relevant to water supply availability

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- iv. updates on relevant environmental issues and implementation of environmental policies
 - v. relevant legislative updates including new statutes and pending legislation relating to water supply of the Parties
 - vi. Relevant administrative matters before the State Office of Administrative Hearings
 - vii. Updates on significant actions or decisions by the Texas Commission on Environmental Quality
 - viii. Update on water rates revisions
 - ix. Information on water sales, water usage, major diversions, new customers, and projected water demands (short and long-term)
 - x. Update on any LCRA Water Management Plan planned amendments
 - xi. State Region K regional water planning efforts
 - xii. Update on LCRA Board and Austin City Council actions relevant to water supply availability
 - b. Subcommittee reports
 - c. Other items as determined
6. Set meeting process to initially include a minimum of two work sessions per year
- a. Work session tasks may include, but not be limited to:
 - i. develop joint basin management strategies in keeping with the mutual interests of the parties as outlined in Exhibit A. Section 5. C. iii., and updated, as needed, by the EMC.
 - ii. develop plans for joint studies and projects,
 - iii. develop any joint resolutions, proposed agreements,
 - iv. Formulate subcommittees, as needed
 - v. Evaluate on-going efforts of the COA and LCRA Water Resource Management Partnership including a re-evaluation of the scope and purpose, including progress of efforts to meet long-term water supply needs
7. Appoint the Technical Water Resource Planning Subcommittee



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8. Develop initial scope and workplan to address the following:
 - a. Develop initial scope of tasks to be accomplished in the initial two years, including but not limited to:
 - i. As per Settlement Agreement Section VII. D., develop proposal to address maintenance of Town Lake levels
 - ii. Establish process to evaluate and implement joint water management strategies to optimize water supplies
 - b. Establish coordination of reporting, operations, and diversions
 - c. Develop a list of matters to be monitored by the EMC
 - d. Develop process for determining future tasks and work plans, once initial tasks are complete, including development of demand projections ("Demand Schedule")

